



# Fiscal Solvency Plan Update

Board Meeting  
April 16, 2026  
Agenda Item No. 11.1

**Presented by:**  
Lisa Grant-Dawson,  
Interim Chief Business and Operations Officer

# SCUSD Core Value & Guiding Principle

## CORE VALUES

We recognize that our system is inequitable by design and we vigilantly work to confront and interrupt inequities that exist to level the playing field and provide opportunities for everyone to learn, grow and reach their greatness.

## GUIDING PRINCIPLE

All students are given an equal opportunity to graduate with the greatest number of postsecondary choices from the widest array of options

# Fiscal Solvency Plan Update

# Agenda

- Update on the Attorney General Settlement
- Update on the Fiscal Solvency Plan and Progress
- Answering Key Questions:
  - Why Do the Numbers Keep Changing?
  - Why is this Process so Challenging and Taking so Long?
- Summary and Impact Statements



# **2025-26 Fiscal Solvency Plan Update**

# June 30, 2026 Cash Flow Projections

Actuals as of	October 31, 2025	January 31, 2026	February 28, 2026	Second Interim March 19, 2026
	-\$1,000,000	+\$3,000,000	+\$13,000,000	+\$4,858,392

## Current Cash Deficit Projected in July 2026\*\*

\* Source: 2025-26 Cash Flow Projection with Actuals through February 28, 2026

\*\* Updated as of the 24-Month Cash Flow update. The loss of cash from additional expenditures impacts lower cash available. The Cash Flow projection is being monitored and reconciled monthly and will include both fiscal years. **All projections are based on the Second Interim Budget and current revenue and spending trends.**

# 2025-26 Fiscal Solvency Plan Updates

## UNRESTRICTED COST AVOIDANCE/SAVINGS

Prior Identified Savings/Cost Avoidance	\$63.3M
Potential Shifting/Sweeping of balances from UnRestricted Resources**	\$3.0M
Potential Shifting/Sweeping of Balances from Restricted Resources*	\$15.8M
<b>Total Savings</b>	<b>+\$82.1M</b>

\* Analysis near completion. Impact Statements and final review in progress. Many Items are One Time Balance/Shifting Strategies. Largest Amount is to shift the expenditures for cafeteria tables to the balance in Ongoing Major Maintenance, Res 8150 \$2.8M

\*\* Analysis near completion. Impact Statements and final review in progress. Many Items are One Time Balance/Shifting Strategies.

## UNRESTRICTED TOTAL DEFICIT

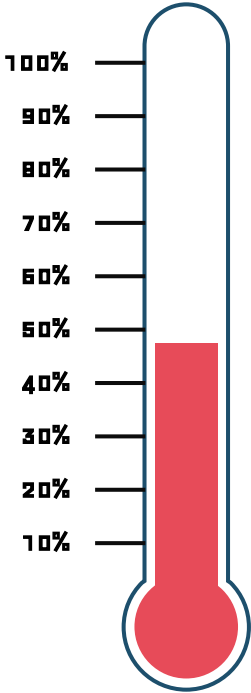
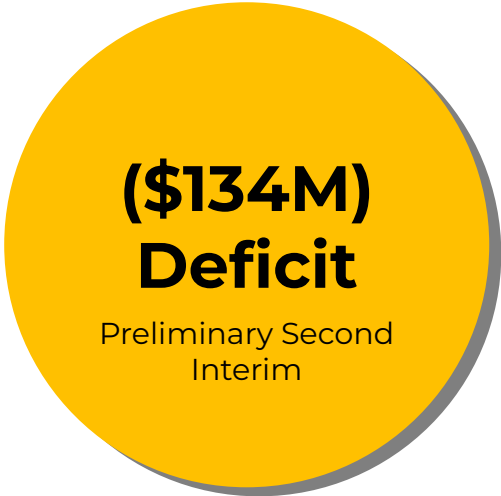
As of Second Interim	-\$108.2M
April 16* Adjustments	-\$18.8M
<b>As of April 16, 2026</b>	<b>=-\$89.2M</b>

## Additional Strategies

Additional One Time Options (See Slide 10)	-\$34.5M
<b>Potential Revised Deficit</b>	<b>=-\$54.7M</b>

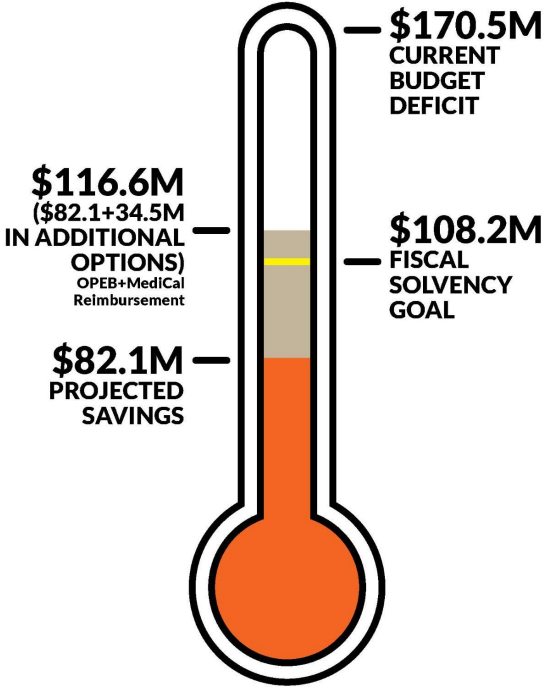
# SCUSD 2025-26 Fiscal Solvency Goal

March 5, 2026



# SCUSD 2025-26 Fiscal Solvency Goal

April 16, 2026



Total identified savings \$82.1M. Projected savings of \$63.3M were include in Second Interim Budget. Revised Benefit Cost adjustment of \$31.4M identified at second interim, primary factor offsetting the gains. \$89.2M Remaining to eliminate 2025-26 deficit.

# 2025-26 Additional Options

Action	Anticipated Value
Engage in OPEB Discussions* (one-time savings) <ul style="list-style-type: none"><li data-bbox="175 437 1070 519">• Analysis in Progress to prepare forthcoming presentation for discussion/proposal</li></ul>	\$20M
MediCal Reimbursement* (one-time savings) <ul style="list-style-type: none"><li data-bbox="175 670 1228 708">• Discussions In Progress - Proposal Submitted 3.2026</li></ul>	\$14.5M

**If realized, these items may reduce the 25-26 deficit to **-\$34.5M****

\*Option requires discussions with labor/designated bodies of decision makers.



# **2026-27 Fiscal Solvency Plan Update**

# 2026-27 Fiscal Solvency Plan Update

<b><u>UNRESTRICTED KNOWN COST AVOIDANCE/SAVINGS</u></b>	
Prior Identified Savings/Cost Avoidance	\$34.9M
SCUSD SERNA Restructure	TBD
<b>Total Savings*</b>	<b>\$34.9M</b>

<b><u>UNRESTRICTED TOTAL DEFICIT</u></b>	
As of Second Interim	-\$251.1M
<b>As of April 16, 2026</b>	<b>-\$251.1M</b>

<b><u>Additional Strategies</u></b>	
Additional Options <u>with</u> projected savings Identified <small>(See Slide 16 - Requires Negotiation)</small>	-\$47.4M
<b>Potential Revised Deficit</b>	<b>=-\$203.7M</b>

\*\$34.9M Included in Second Interim 2026-27 MYP Projection reductions.

# 2026-27 Additional Strategies

## Without Labor Negotiations

### Initiate now for 2026-27 actualization

- Develop Department Consolidation and Restructuring Plan
  - *In progress. Special Board Meeting Scheduled, April 23, 2026*
- Maximize General Education Interventions to Reduce Special Education Services
  - *In progress as part of Academic Office strategic planning*
- Analyze Processes and Contracts for Efficiency and Elimination
  - *In Progress.*
  - *Contracts Dashboard released on Fiscal Solvency Website*
- Additional Department Contributions
  - *In Progress as part of Restructuring and Reduction Strategies*

# 2026-27 Additional Strategies Without Labor Negotiations

## Initiate in 2026-27 for future year actualization

- Develop Facilities Optimization Plan for 2027-28
  - *Special Board Meeting Scheduled, April 23, 2026*
- Define Scope of Allowable, Research-Based Strategies for Utilizing Title I and LCFF Funding at Sites
- District Configuration and Restructure strategies for future years

# 3/5/2026 Adopted Board Decision Point

## 2026-27 Options for Fiscal Solvency

### With Labor Negotiations & Agreement

Action	Unrestricted Estimated Value
Furlough Days 2026-27 (all labor units)	\$2.1M/day
Temporary 2% Salary/Wage Cut (all labor units)	\$7M
Options for Reducing Healthcare Costs without reducing level of service (all labor units)	TBD
Reduce Reading Intervention Teachers, 1.0 @ each elem/K-8	\$5.3M
Flexibility in Class Size Reduction in Grades 4-6 and 7-12	\$11M
Engage in OPEB Discussions (one-time savings)	\$20M
MediCal Reimbursement (one-time savings) - <a href="#">Discussions Initiated and Proposal Submitted tp SCTA 3.2026</a>	\$2M

# Questions and Suggestions Received from SCUSD Staff & Community

These are the most frequently asked questions and suggestions offered. Please see full list in Exhibits.

- Implement Furlough Days and Wage Reductions
- Consolidate Schools and Optimize Facilities
- Incentivize Early Retirement
  - Staff is recommending receiving proposals for early retirement incentive options in 2026-27 for a potential 2027-28 implementation.
- Options for Reducing Healthcare Costs without reducing level of service (all labor units)
- Make Targeted Reductions in District Office Positions

# Questions and Suggestions Received from SCUSD Staff & Community

These are the most frequently asked questions and suggestions offered. Please see full list in Exhibits.

- Options for Reducing Healthcare Costs without reducing level of service (all labor units)
  - *Operational analysis of benefits and strategic framework is in progress in preparation for future discussions with labor groups.*
- Make Targeted Reductions in District Office Positions
  - *Included in Restructuring and Reduction plan, already in progress.*

# 2025-27 Fiscal Solvency Plan Updates

<b><u>UNRESTRICTED</u> COST AVOIDANCE/SAVINGS</b>	
Prior Identified Savings/Cost Avoidance	\$63.3M
Potential Shifting/Sweeping of balances from UnRestricted Resources**	\$3.0M
Potential Shifting/Sweeping of Balances from Restricted Resources*	\$15.8M
<b>Total Savings</b>	<b>+\$82.1M</b>

<b><u>UNRESTRICTED</u> TOTAL DEFICIT</b>	
As of Second Interim	-\$108.0M
April 16* Adjustments	-\$18.8M
<b>As of April 16</b>	<b>=-\$89.2M</b>

\*Analysis near completion. Impact Statements and final review in progress. Many Items are One Time Balance/Shifting Strategies. Largest Amount is to shift the expenditures for cafeteria tables to the balance in Ongoing Major Maintenance, Res 8150 \$2.8M

\*\* Analysis near completion. Impact Statements and final review in progress. Many Items are One Time Balance/Shifting Strategies.

# **Update Restructure & Building Efficiencies**

# Seeing the System

## **SCUSD Leadership's approach to addressing the immediacy & urgency of District's financial sustainability**

- The factors associated with the District's financial challenges are systemic and pervasive.
- Consideration must be given to past practices and historical decision-making, as well as current structures and future opportunities.
- Creating space for collaborative problem-solving, deep listening, and healthy risk-taking is required.

# Seeing the System

**SCUSD Leadership's approach is characterized by parallel workstreams and overlapping phases of development**

**Data Collection & Information Gathering**

**Study, Reflection, & Analysis**

**Engagement, Feedback, & Iteration**

**Long-Term, Near-Term, & Immediate Considerations**

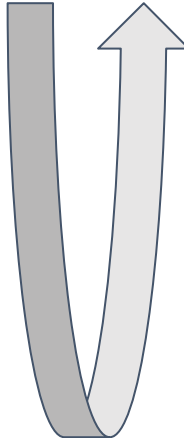
# Seeing the System



## Data Collection & Information Gathering

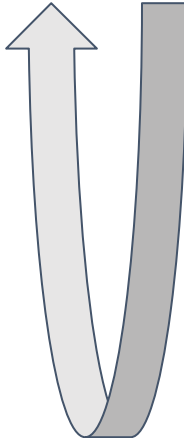
### Historical Data

- Attendance
- Enrollment
- Financial
- Staffing



### Information

- FCMAT
- CBA's
- Settlements
- Comparable Districts



### Research

- Restructuring
- Financial Distress
- Governance

Lists are examples, but not exhaustive

# Seeing the System

## Study, Reflection, & Analysis

- What has been the role of decision-making?
- How do our structures help or hinder us?
- What are essential Lessons Learned?
- What is mandatory vs. discretionary?
- Where are there hidden efficiencies?
- What can be done in the immediate and what requires more time?

The dashboard displays the following components:

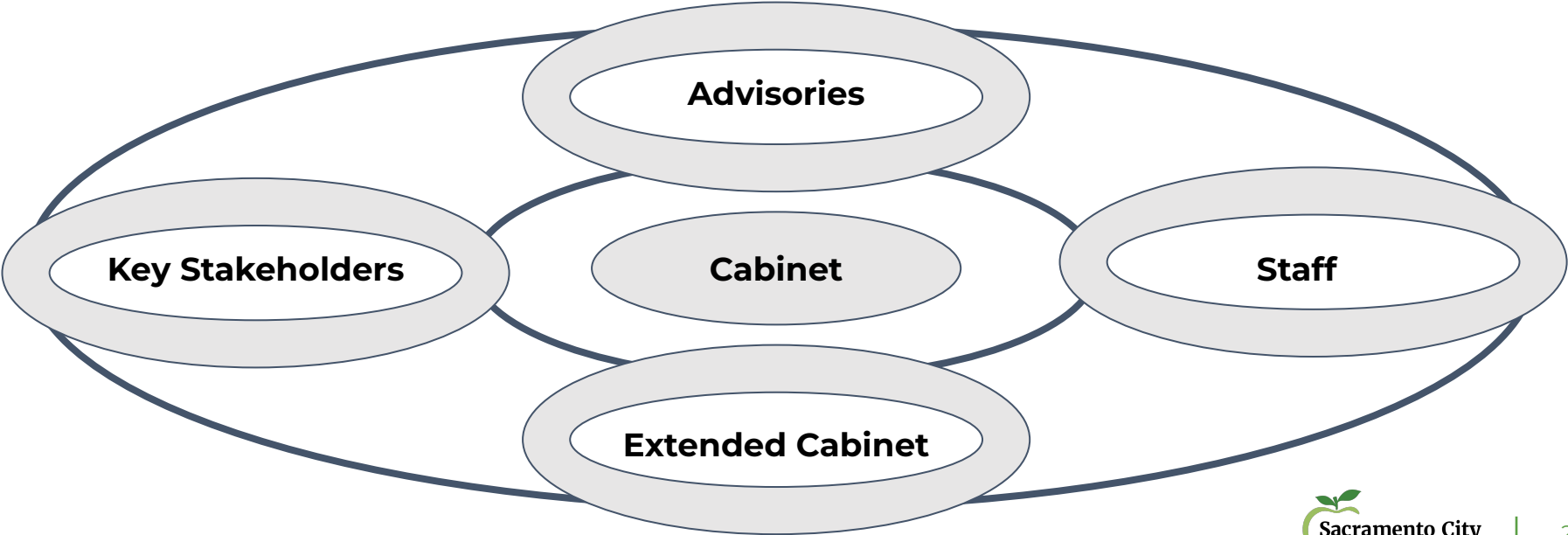
- Table of Categories and Tasks:** A table with columns for CATEGORY, TASK, FREQUENCY, COMPLEXITY, and WE STOP THIS. It lists various tasks such as 'Equity Mandated and Non-Discretionary CTE Inventory' and 'Operational Infrastructure (System Must Function)'.
- Enrollment Graph:** A line graph titled 'SCUSD Non-Charter Enrollment, 2009-18' showing enrollment trends from 2009 to 2018.
- Departmental Organizational Chart:** A hierarchical chart showing the structure of the district, including departments like 'Department of Business Services' and 'Department of Student Services'.
- Instructions Table:** A table providing instructions for assigning categories, weights, and time loads to various tasks.

CATEGORY	TASK	FREQUENCY	COMPLEXITY	IF WE STOP THIS	MANDATED?
Compliance	Equity Mandated and Non-Discretionary CTE Inventory	Monthly	Low	Engage Stakeholders	Yes
Compliance	Equity Mandated and Non-Discretionary CTE Inventory	Continuous	Low	Engage Stakeholders	Yes
Discretionary/Strategic	Equity Added or Discretionary Services	Quarterly	Low	Service redacted	No
Compliance	Equity Mandated and Non-Discretionary CTE Inventory	Continuous	Medium	Engage Stakeholders	Yes
Compliance	Equity Mandated and Non-Discretionary CTE Inventory	Annual			
Operations	Operational Infrastructure (System Must Function)	Annual			
Operations	Operational Infrastructure (System Must Function)	Continuous			
Operations	Operational Infrastructure (System Must Function)	Annual			
Operations	Operational Infrastructure (System Must Function)	Annual			
Compliance	Equity Mandated and Non-Discretionary CTE Inventory	Monthly			
Compliance	Equity Mandated and Non-Discretionary CTE Inventory	Continuous			
Compliance	Equity Mandated and Non-Discretionary CTE Inventory	Continuous			
Discretionary/Strategic	Value-Added or Discretionary Services	Continuous			
Discretionary/Strategic	Value-Added or Discretionary Services	Continuous			
Operations	Operational Infrastructure (System Must Function)	Continuous			
Operations	Operational Infrastructure (System Must Function)	Continuous			

FIRST ORDER	Complete	ASSIGN a CATEGORY (Column C), a FREQUENCY (Column E), COMPLEXITY (Column F), IF WE STOP (Column G), see Header Instructions
FIRST ORDER	Complete	ASSIGN a MANDATED option Yes or No to 2.0 Tab(s) for Column H, see Header Instructions
FIRST ORDER	Complete	ASSIGN a WEIGHT (High, Medium, Low) for IMPACT and TIME LOAD to 2.0 Tab(s) for Columns J & L, see Header Instructions
FIRST ORDER	Complete	ASSIGN a CATEGORY (Column C), a FREQUENCY (Column E), COMPLEXITY (Column F), IF WE STOP (Column G), see Header Instructions
FIRST ORDER	Complete	ASSIGN a MANDATED option Yes or No to 2.0 Tab(s) for Column H, see Header Instructions
FIRST ORDER	Complete	ASSIGN a WEIGHT (High, Medium, Low) for IMPACT and TIME LOAD to 2.0 Tab(s) for Columns J & L, see Header Instructions
FIRST ORDER	Complete	PROVIDE access to Job Descriptions to David & Tim by April 6 or SOONER.

# Seeing the System

**Engagement, Feedback, & Iteration**



# Seeing the System

## Immediate, Near-Term, & Long-Term Considerations

2025-26	2026-27	2027-28 + Beyond
Immediate Cost reduction & Revenue Enhancement	Central Office Restructuring & Position Reductions	Structural Issues that are historical and ongoing, which contribute to the Structural Deficit

Leadership is prioritizing Central Office Restructuring decision-making in order to clarify staffing changes for 2026-27 and to determine the context within which the larger Structural Issues can be addressed.

# Why Do the Numbers Keep Changing?

# Overview of District's Statutory Financial Report Cycle - *The Numbers are expected to change.*

- California school districts are accountable to the State (through the County) for use of funds provided by the state and federal government.
- The process of accountability is prescribed by state law which includes district officials ensuring that the district is able to meet its financial commitments each year and into the future.

## Budget Adoption - By July 1

Projected results for the following fiscal year (July 1 - June 30) | *Ed Code §42127*

## Unaudited Actuals - By Sept 15th

Actual full year results for prior year (July 1 - June 30) | *Ed Code §42100*

## First Interim - By December 15

Updated projections as of October 31 | *Ed Code §42130 & §42131*

## Second Interim - By March 15

Updated projections as of January 31 | *Ed Code §42130 & §42131*

## Third Interim - By June 1

Updated projections as of April 30th | *Ed Code §42130 & §42131* [Required if 2nd Interim is qualified or negative]



# During 2025-26 SCUSD Experienced Additional Changes

June 2025 - 2025-26 Adopted Budgeted

- Surplus \$24.2M
- Expenditures reported as lower than required to cover projected expenditures by ~\$101M
  - Health & Welfare/Utility Reductions ~\$51M
  - Special Ed Contribution ~\$50M

# During 2025-26 SCUSD Experienced Additional Changes

September 2025 - Unaudited Actuals 2025-26 Budget

- Deficit **-\$19M**
- Additional Deficit realized with additional impact to the Beginning Fund balance from Adoption of \$43.3M
  - June 2025 Adopted Budget
    - 2025-26 Unrestricted Estimated Beginning Fund Balance - \$105.6M
  - September 2025 Unaudited Actuals
    - Beginning Fund Balance \$62.4M

# During 2025-26 SCUSD Experienced Additional Changes

## December 2025 - 2025-26 First Interim Budget

- Deficit **-\$34.2M**
- Fiscal Solvency Plan Reductions included in First Interim \$68M
  - First Interim Period July 1 - October 31
  - Fiscal Solvency Plan Adopted November 2025, after the First Interim Period
- Increase Special Ed Budget \$30M

## January 2026 - 2025-26 First Interim Restatement

- Reverse \$68M in Fiscal Solvency Plan Strategies
  - Inaccurate statement of First Interim balance
  - Identified Fiscal Solvency strategies not reasonable to achieve
  - Initiation of Revised Fiscal Solvency Plan

# During 2025-26 SCUSD Experienced Additional Changes

## January 2026 - Present

- The Budget has/is being analyzed and modified to more accurately project the budget and simultaneously the actual revenue and expenditures.
- The evaluation of how much we can save and/or avoid costs through strategic decisions and measures has also been performed. These strategies have been captured on the Fiscal Solvency Plan AND the REVISED Financial projections.

## March 2026 - 2025-26 Second Interim

- Deficit **-\$108.2M**
- \$63.3M of Fiscal Solvency Plan strategies have been implemented in the budget
- Major Change: Reversal of \$31.4M in Health & Welfare adjustments from Adopted Budget, artificially lowering the projected Health & Welfare expenditures in the Unrestricted and Restricted \$11.7M General Fund.

# During 2025-26 SCUSD Experienced Additional Changes

## April 2026 Forward

- Changes to the Budget, Multi-Year Projection, and Cash Flow will continue as the Budget is adjusted and actuals and reduced encumbrances occur as the fiscal year concludes in June 2026
- As previously shared, the District will publish the following financial statements between now and June 30, 2026
  - 2025-26 Third Interim - Board Request May 7, 2026
  - 2025-26 Third Interim - Statutory Timeline - June 4, 2026
  - 2026-27 Budget & LCAP
    - **Includes** Estimated Actuals for the 2025-26 Budget
    - Public Hearing - June 4, 2026
    - Adoption - June 18, 2026

**Why is this so challenging to solve and taking so long?**

# Our Primary Funding is the Local Control Funding Formula

## Key Terms

- Base Grant - Grade span-specific base grants based on Average Daily Attendance.
- Grade Span - Reflect adjustments for grades K–3 class sizes and grades 9–12 (school districts with qualifying schools may receive a necessary small school (NSS) allowance in lieu of the base grants).
- Supplemental Grant- Equals 20 percent of the adjusted base grants multiplied by the LEA's unduplicated percentage of English learners, income eligible for free or reduced-price meals, and foster youth pupils.
- Concentration Grant - Equals 65 percent of the adjusted base grants multiplied by an LEA's percentage of unduplicated pupils above 55 percent;
- Add-ons -
  - Targeted Instructional Improvement Block Grant Equal to the amounts school districts received in 2012–13 for the Home-to-School
  - Transportation programs - Beginning 2023-24 COLA Applied
  - Transitional Kindergarten ADA - Beginning in 2022–23
- Base, supplemental, and concentration grants, as well as necessary small school allowances, receive cost-of-living adjustments as provided through the annual budget.

# Our Primary Funding is the Local Control Funding Formula

Sacramento City Unified (67439) - 2025-26 Second Interim		v.26.2a		PY3			
LOCAL CONTROL FUNDING FORMULA				2022-23			
LCFF ENTITLEMENT CALCULATION							
Calculation Factors		COLA & Augmentation	Base Grant Proration	Unduplicated Pupil Percentage			
		13.26%	0.00%	70.39%	70.39%		
		3PY Average					
		ADA	Base	Grade Span	Supplemental Concentration	Total	
Grades TK-3		11,652.35	\$ 9,166	\$ 953	\$ 1,425	\$ 1,012	\$ 146,304,658
Grades 4-6		8,886.63	9,304		1,310	931	102,592,080
Grades 7-8		6,298.12	9,580		1,349	958	74,865,802
Grades 9-12		10,670.44	11,102	289	1,604	1,139	150,817,318
Subtract Necessary Small School ADA and Funding		-	-	-			-
<b>Total Base, Supplemental, and Concentration Grant</b>		<b>\$ 368,285,861</b>	<b>\$ 14,188,447</b>	<b>\$ 53,844,733</b>	<b>\$ 38,260,817</b>		<b>\$ 474,579,858</b>
NSS Allowance			-				-
<b>TOTAL BASE</b>		<b>37,507.54</b>	<b>\$ 368,285,861</b>	<b>\$ 14,188,447</b>	<b>\$ 53,844,733</b>	<b>\$ 38,260,817</b>	<b>\$ 474,579,858</b>
<b>ADD ONS:</b>							
Targeted Instructional Improvement Block Grant							\$ 2,428,078
Home-to-School Transportation (COLA added commencing 2023-24)							4,115,457
Small School District Bus Replacement Program (COLA added commencing 2023-24)							-
Transitional Kindergarten (Commencing 2022-23)		TK ADA	306.17	TK Add-on rate	\$ 2,813.00		861,256
<b>ECONOMIC RECOVERY TARGET PAYMENT</b>							-
<b>LCFF Entitlement Before Adjustments</b>							\$ 481,984,649
Miscellaneous Adjustments							(61,886)
<b>ADJUSTED LCFF ENTITLEMENT</b>							<b>\$ 481,922,763</b>
Local Revenue (including RDA)							(118,153,884)
<b>Gross State Aid</b>							<b>\$ 363,768,879</b>
Education Protection Account Entitlement							(31,656,635)
<b>Net State Aid</b>							<b>\$ 332,112,244</b>



# Our Primary Funding is the Local Control Funding Formula

Sacramento City Unified (67439) - 2025-26 Second Interim			3/4/2026		CY
LOCAL CONTROL FUNDING FORMULA			2025-26		
LCFF ENTITLEMENT CALCULATION					
Calculation Factors	COLA & Augmentation	Base Grant Proration	Unduplicated Pupil Percentage		
	2.30%	0.00%	68.53%	68.53%	
	Base	Grade Span	Supplemental	Concentration	Total
Grades TK-3	\$ 10,256	\$ 1,067	\$ 1,552	\$ 996	\$ 142,951,760
Grades 4-6	10,411		1,427	916	101,163,400
Grades 7-8	10,719		1,469	943	72,103,086
Grades 9-12	12,423	323	1,747	1,121	155,255,389
Subtract Necessary Small School ADA and Funding	-	-			-
<b>Total Base, Supplemental, and Concentration Grant</b>	<b>\$ 370,666,646</b>	<b>\$ 14,208,220</b>	<b>\$ 52,750,948</b>	<b>\$ 33,847,821</b>	<b>\$ 471,473,635</b>
NSS Allowance	-				-
<b>TOTAL BASE</b>	<b>\$ 370,666,646</b>	<b>\$ 14,208,220</b>	<b>\$ 52,750,948</b>	<b>\$ 33,847,821</b>	<b>\$ 471,473,635</b>
<b>ADD ONS:</b>					
Targeted Instructional Improvement Block Grant					\$ 2,428,078
Home-to-School Transportation (COLA added commencing 2023-24)					4,604,935
Small School District Bus Replacement Program (COLA added commencing 2023-24)					-
Transitional Kindergarten (Commencing 2022-23)	885.25	TK Add-on rate	\$ 5,545.00		4,908,711
<b>ECONOMIC RECOVERY TARGET PAYMENT</b>					
<b>LCFF Entitlement Before Adjustments</b>					\$ 483,415,359
Miscellaneous Adjustments					
<b>ADJUSTED LCFF ENTITLEMENT</b>					<b>\$ 483,415,359</b>
Local Revenue (including RDA)					(129,057,140)
<b>Gross State Aid</b>					<b>\$ 354,358,219</b>
Education Protection Account Entitlement					(118,451,158)
<b>Net State Aid</b>					<b>\$ 235,907,061</b>



# Historical Financial Summary

- The District’s LCFF Revenue has grown by \$1.6M from 2022-23 to the projected 2025-26 Second Interim.
- Total Unrestricted Revenue has grown by \$.95M since 2022-23

Description	Sum of 2021-22 Unrestricted	Sum of 2022-23 Unrestricted	Sum of 2023-24 Unrestricted	Sum of 2024-25 Unrestricted	Sum of 2025-26 Unrestricted
LCFF/Revenue Limit Sources	\$389,172,861	\$480,773,513	\$553,806,251	\$485,687,777	\$483,415,359
Federal Revenues	\$0	\$0	\$7,309,973	\$9,129,356	\$0
Other Local Revenues	\$3,581,955	\$15,801,398	\$27,263,798	\$15,375,175	\$7,134,013
Other State Revenues	\$7,630,959	\$13,340,338	\$13,215,272	\$11,970,752	\$20,318,456
<b>Grand Total</b>	<b>\$400,385,775</b>	<b>\$509,915,248</b>	<b>\$601,595,293</b>	<b>\$522,163,059</b>	<b>\$510,867,828</b>

- **So what are the factors causing the deficit if revenue is overall flat?**
  - Let’s explore the expenditures and other commitments of the General Fund.

# Historical Financial Summary - Unrestricted Expenditures

- The District’s expenditures have increased by \$168M or 47% since 2022-23
- **How did FCMAT surmise the following statement?**
  - “In fact, **94%** of the district’s 2025-26 unrestricted general fund adopted budget is allocated to salaries and benefits, while the statewide average is **86%** for unified school districts.”

Unrestricted General Fund Expenditure History					
Description	Actuals	Actuals	Actuals	Actuals	Budget - 2Int
	Sum of 2021-22 Unrestricted	Sum of 2022-23 Unrestricted	Sum of 2023-24 Unrestricted	Sum of 2024-25 Unrestricted	Sum of 2025-26 Unrestricted
Certificated Salaries	\$169,850,199	\$167,433,680	\$219,221,857	\$218,471,232	\$226,250,044
Classified Salaries	\$47,745,511	\$40,417,432	\$53,439,097	\$62,468,377	\$64,945,569
Employee Benefits	\$112,836,125	\$116,558,197	\$135,321,246	\$143,248,936	\$164,603,538
Books & Supplies	\$5,687,766	\$5,509,309	\$6,076,780	\$10,650,543	\$14,033,894
Services & Other Operating Expenses	\$25,273,054	\$29,002,755	\$32,794,110	\$42,774,523	\$55,714,485
Capital Outlay	\$500,457	\$553,759	\$990,885	\$2,060,365	\$2,325,777
<b>Grand Total</b>	<b>\$361,893,113</b>	<b>\$359,475,131</b>	<b>\$447,843,975</b>	<b>\$479,673,975</b>	<b>\$527,873,306</b>
Salaries	60.13%	57.82%	60.88%	58.57%	55.16%
Benefits	31.18%	32.42%	30.22%	29.86%	31.18%
<b>Total Compensation</b>	<b>91.31%</b>	<b>90.25%</b>	<b>91.10%</b>	<b>88.43%</b>	<b>86.35%</b>
Other Expenditures	8.69%	9.75%	8.90%	11.57%	13.65%
	100.00%	100.00%	100.00%	100.00%	100.00%



# Historical Financial Summary - Restricted Expenditures

- Is it wrong to have higher compensation expenditures than the statewide average?
  - **No**, as long as the District can afford it.
- Additional Supplemental Compensation from restricted resources are 60% of Restricted expenditures.
- The District spends more resources in Books and Supplies and Other Services from Restricted Resources.

Description	Actuals	Actuals	Actuals	Actuals	Budget - 2Int
	Sum of 2022-23 Restricted	Sum of 2023-24 Restricted	Sum of 2024-25 Restricted	Sum of 2025-26 Restricted	Sum of 2021-22 Restricted
Certificated Salaries	\$62,546,645	\$94,428,017	\$99,871,987	\$96,495,944	\$67,385,446
Classified Salaries	\$27,039,578	\$36,505,446	\$39,768,173	\$44,892,956	\$29,158,590
Employee Benefits	\$73,043,761	\$84,667,516	\$98,413,589	\$106,567,420	\$72,224,168
Books & Supplies	\$15,389,527	\$21,498,348	\$7,845,566	\$38,406,377	\$20,505,488
Services & Other Operating Expenses	\$89,462,811	\$106,351,939	\$113,582,324	\$132,114,939	\$78,106,520
Capital Outlay	\$24,786,464	\$23,280,636	\$8,828,475	\$8,331,179	\$8,648,512
<b>Grand Total</b>	<b>\$292,268,786</b>	<b>\$366,731,903</b>	<b>\$368,310,115</b>	<b>\$426,808,814</b>	<b>\$276,028,725</b>
Salaries	30.65%	35.70%	37.91%	33.13%	34.98%
Benefits	24.99%	23.09%	26.72%	24.97%	26.17%
<b>Total Compensation</b>	<b>55.64%</b>	<b>58.79%</b>	<b>64.63%</b>	<b>58.10%</b>	<b>61.14%</b>
Other Expenditures	44.36%	41.21%	35.37%	41.90%	38.86%
	100.00%	100.00%	100.00%	100.00%	100.00%



# Historical Financial Summary

Based on what the District is sharing about revenues and expenses, we are still wondering what is creating the deficit? Revenues minus expenditures are still positive every year, except this year, though we can see the decline.

Description	Sum of 2021-22 Unrestricted	Sum of 2022-23 Unrestricted	Sum of 2023-24 Unrestricted	Sum of 2024-25 Unrestricted	Sum of 2025-26 Unrestricted
TOTAL REVENUES	\$400,385,774.96	\$509,915,248.27	\$601,595,292.93	\$522,163,058.67	\$510,867,828.37
TOTAL EXPENDITURES	\$355,668,555.40	\$355,207,399.89	\$441,213,572.03	\$468,527,541.52	\$515,752,019.60
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES	\$44,717,219.56	\$154,707,848.38	\$160,381,720.90	\$53,635,517.15	-\$4,884,191.23
Beginning Fund Balance	\$102,870,380.90	\$65,034,532.41	\$135,675,372.67	\$172,005,383.87	\$62,354,384.48
Ending Balance	\$147,587,600.46	\$219,742,380.79	\$296,057,093.57	\$225,640,901.02	\$57,470,193.25

# General Fund Obligations

The General Fund has obligations to **two** specific resources within the General Fund and any fund that is operating at a deficit. These areas are called CONTRIBUTIONS

1. **Resource 8150** - Ongoing and Major Maintenance Account To ensure that state-funded facility projects are kept in good repair, pursuant to Education Code Section 17070.75, LEAs with a project funded by the State Allocation Board after November 1998 under the Leroy F. Greene School Facilities Act of 1998 must establish and maintain a restricted maintenance account within their general fund to be used for ongoing and major maintenance of school buildings. For the next 20 years after receiving facility funds, districts must annually make a deposit into the account that is equal to or greater than **3 percent of their total general fund expenditures, including other financing uses, for that fiscal year;**\*

Source: [California School Accounting Manual](#)

# General Fund Obligations

The General Fund has obligations to **two** specific resources within the General Fund and any fund that is operating at a deficit. These areas are called CONTRIBUTIONS

2. **Resource 6500** - Special Education - In California LEAs, restricted programs or activities relating to the operation of transitional kindergarten/kindergarten through grade twelve (TK/K–12) educational programs are considered a part of ordinary operations and are accounted for in the general fund rather than in a special revenue fund. Within the general fund, restricted programs or activities must be identified, accounted for, and reported separately. **Record the amount of money that must be contributed from unrestricted resources in the general fund when the expenditures incurred for a given restricted resource exceed the amount available for expenditure.\***

Source: [California School Accounting Manual](#)

# Contribution History

- The District's contributions have doubled since 2021-22, which creates an additional expense the Unrestricted General Fund must cover.
- **Ongoing Major Maintenance** has a minimum percentage allocation that can be adjusted.
  - Impacts: Reduction to expenditures to manage facilities annually.
- **Special Education** expenditures can be managed to focus on cost containment and program efficiency
  - An analysis of Special Education program offerings and expenditures is included in the Fiscal Solvency Plan.

# Historical Financial Summary

Now that you put all of the factors together:

1. Declining Revenue
2. Minus Increasing Expenditures
3. Has historically led to a surplus, but has now led to an annual deficit Deficit
4. Which is further compounded by contributions to programs that do not earn enough resources to live within their means...
5. ...has caused a structural deficit - a decrease in our Fund Balance.
6. The deficit has annually been offset by our Beginning Fund Balance, which is made of one-time money and can no longer absorb the growing deficit.

# Historical Financial Summary

The combination of all these factors, which starts with how we have budgeted and actually earn and spend our resources is how we reached this deficit status? This summary shows that the Districts revenues are essentially flat, but our spending continues to grow.

- **Yes and why we are seeking to reduce expenditures and seek eligible strategies to reduce spending, which takes time given the number of resources and years we have operated in this manner.**

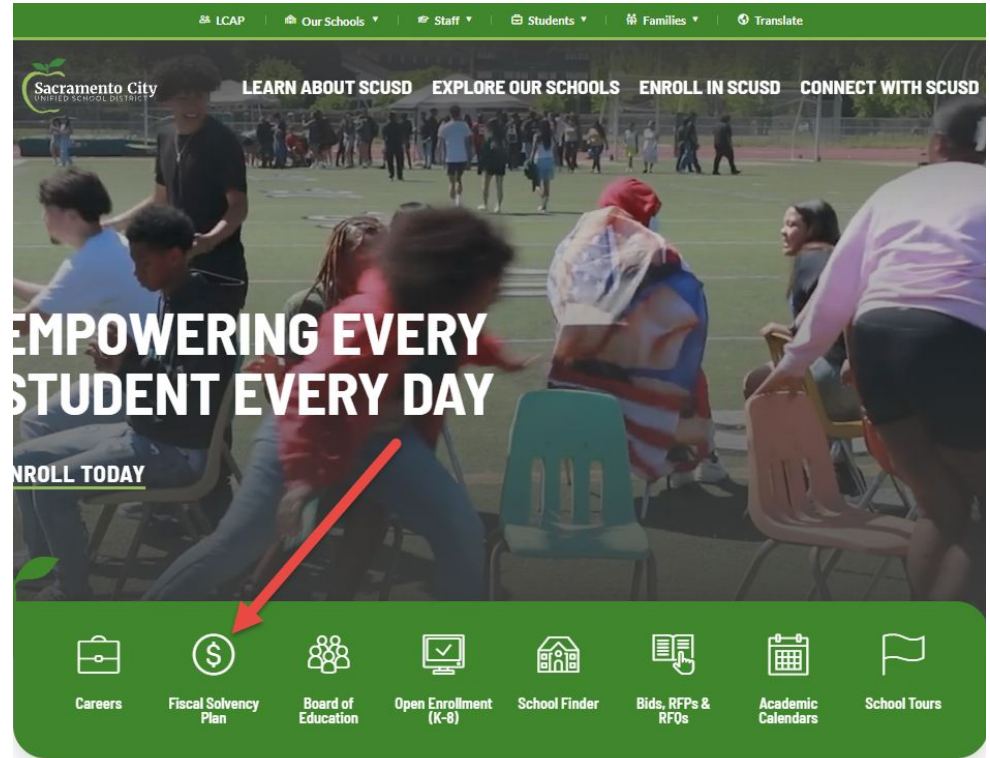
Description	Sum of 2021-22 Unrestricted	Sum of 2022-23 Unrestricted	Sum of 2023-24 Unrestricted	Sum of 2024-25 Unrestricted	Sum of 2025-26 Unrestricted
TOTAL REVENUES	\$400,385,774.96	\$509,915,248.27	\$601,595,292.93	\$522,163,058.67	\$510,867,828.37
TOTAL EXPENDITURES	\$355,668,555.40	\$355,207,399.89	\$441,213,572.03	\$468,527,541.52	\$515,752,019.60
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES	\$44,717,219.56	\$154,707,848.38	\$160,381,720.90	\$53,635,517.15	-\$4,884,191.23
TOTAL, OTHER FINANCING SOURCES/USES	-\$82,553,068.05	-\$84,102,207.31	-\$124,051,709.70	-\$163,286,516.54	-\$165,681,532.93
NET INCREASE (DECREASE) IN FUND BALA	-\$37,835,848.49	\$70,605,641.07	\$36,330,011.20	-\$109,650,999.39	-\$170,565,724.16
Beginning Fund Balance	\$102,870,380.90	\$65,034,532.41	\$135,675,372.67	\$172,005,383.87	\$62,354,384.48
Ending Fund Balance	\$65,034,532.41	\$135,640,173.48	\$172,005,383.87	\$62,354,384.48	-\$108,211,339.68

# Historical Financial Summary

- On April 23, 2026, at the Board Study Session we will provide the latest update to the Fiscal Solvency Plan and Cash Flow and discuss:
  - The impact of our enrollment and attendance trends.
  - The impact of increased staffing.
- Gentle Reminder: Our New Fiscal Solvency Dashboards are also available for your review and use to gain a better understanding of our financial and operational future.
  - We look forward to your continued questions and engagement.

# Fiscal Solvency Engagement and Information Updates!

- **NEW Interactive** Dashboards  
Designed to provide Information, Reference, and Data on the District's current and historical financial information.
- Other Services & Operating Expenditures & Consultant Dashboard Release March 6, 2026
- Budget Dashboard projected release date: March 20, 2026



# Summary & Impact

# Summary and Impact



## Why This Matters

- The District's Fiscal Solvency and Sustainability impacts its programmatic and operational outcomes. Addressing this matter is critical to resolve with effective and implementable strategies.
- The District and its constituents require an update and framework to the current stat and future strategies to resolve the District's financial crisis.

## Impact for SCUSD Students

- Improved stabilization, structures, and strategies to continue funding a quality educational experience for parents and families.

## Next Steps

- Fiscal Solvency Plan Workshop - 4/23/2026
- Third Interim I - 5/7/2026
- Third Interim II - 6/4/2026
- Fiscal Solvency Updates each board meeting.
- Adopted Budget 6/19/2026